BPI

Financial Markets

Daily Report 14-Dec-2022

- In yesterday's session, the lower-than-expected release of US CPI inflation pushed down the expectations of a far too tightened monetary policy in the Federal Reserve. Headline inflation moderated from 7.7% to 7.1%, confirming the downward trend but still at very elevated levels, while core inflation edged down 0.3pp to 6.0%.
- In this context, sovereign yields declined across the board, with the 2 and 10-year US Treasury yields declining by 16 and 11bp, respectively. In stock markets, volatility measured with the VIX index declined and the expectation of a lower path for official interest rates led to advances across the globe.
- Today the focus will be on the US Federal Reserve meeting, which is expected to raise the target range by 0.50pp up to 4.25%-4.50%. FOMC members will also update the macroeconomic projections, which might reflect a higher terminal rate than shown in the September forecasts (4.50%-4.75%).

Interest Rates (%)	12/13	12/12	Daily Change (basis points)	Weekly Change (basis points)	YTD (basis points)	YoY Change (basis points)
Eurozone						
ECB - Official Interest Rate (Refi)	**2.00**	2.00	0	0	200	200
€STR	**1.40**	1.40	0	-1	199	198
Swap €STR (10Y)	**2.37**	2.39	-2	9	227	245
3 months (Euribor)	**2.05**	2.05	-1	5	262	265
12 months (Euribor)	**2.87**	2.88	-1	0	337	338
Germany - 2-Year Bond	**2.15**	2.20	-5	8	277	283
Germany - 10-Year Bond	**1.93**	1.94	-1	13	210	229
France - 10-Year Bond	**2.39**	2.40	-1	14	220	241
Spain - 10-Year Bond	**2.94**	2.97	-3	13	237	260
Portugal - 10-Year Bond	**2.84**	2.87	-3	12	237	257
Italy - 10-Year Bond	**3.79**	3.82	-3	15	262	286
Risk premium - Spain (10Y)	**101**	103	-2	0	27	31
Risk premium - Portugal (10Y)	**91**	93	-2	-1	27	28
Risk premium - Italy (10Y)	**187**	188	-2	2	52	57
US						
Fed - Upper Bound	**4.00**	4.00	0	0	375	375
Fed Funds Rate Future (Dec.-23)	**4.44**	4.63	-19	-16	307	307
3 months (Libor)	**4.75**	4.75	0	2	454	454
12 months (Libor)	**5.53**	5.53	0	-3	495	503
2-Year Bond	**4.22**	4.38	-16	-15	349	356
10-Year Bond	**3.50**	3.61	-11	-3	199	206

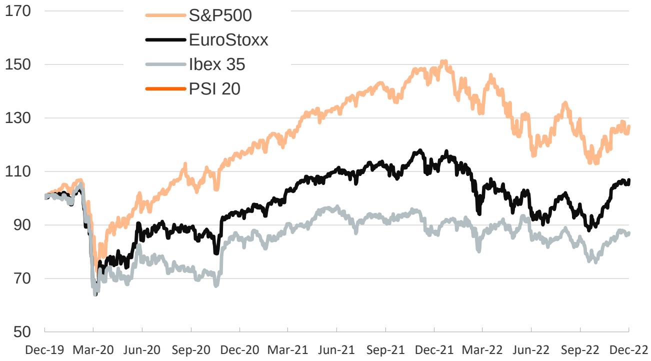
Stock Markets	12/13	12/12	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
CaixaBank	**3.31**	3.30	0.2	-2.4	36.9	41.7
Ibex 35	**8328**	8259	0.8	-0.1	-4.4	-0.6
PSI 20	**5793**	5770	0.4	-1.0	4.0	6.4
MIB	**24637**	24304	1.4	1.5	-9.9	-7.2
DAX	**14498**	14307	1.3	1.1	-8.7	-6.2
CAC 40	**6745**	6651	1.4	0.9	-5.7	-2.2
Eurostoxx50	**3987**	3922	1.7	1.2	-7.2	-3.8
FTSE 100	**7503**	7446	0.8	-0.2	1.6	3.9
S&P 500	**4020**	3991	0.7	2.0	-15.7	-13.3
Nasdaq	**11257**	11144	1.0	2.2	-28.0	-26.1
Nikkei 225	**27955**	27842	0.4	0.2	-2.9	-1.7
MSCI Emerging Index	**965**	964	0.2	-0.8	-21.7	-21.0
MSCI Emerging Asia	**522**	522	0.0	-0.4	-21.7	-21.3
MSCI Emerging Latin America	**2088**	2086	0.1	-4.5	-2.0	0.1
Shanghai	**3176**	3179	-0.1	-1.1	-12.7	-13.3
VIX Index	**22.55**	25.00	-9.8	1.7	31.0	3.0

Currencies	12/13	12/12	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
EUR/USD	**1.063**	1.054	0.9	1.6	-6.5	-5.6
EUR/GBP	**0.86**	0.86	0.1	-0.3	2.2	1.0
EUR/CHF	**0.99**	0.99	0.1	0.1	-4.8	-5.1
USD/JPY	**135.59**	137.67	-1.5	-1.0	17.8	19.3
USD/CNY	**6.95**	6.98	-0.4	-0.6	9.4	9.2

Commodities	12/13	12/12	Daily Change (%)	Weekly Change (%)	YTD (%)	YoY Change (%)
Global Commodities Index	**115.0**	112.7	2.0	4.5	15.9	19.8
Brent (US$/barrel)	**80.7**	78.0	3.4	1.7	3.7	9.5
TTF Natural Gas-1M Future (€/MWh)	**137.5**	136.6	0.7	-0.7	95.5	7.2
TTF Natural Gas-Dec.-23 Future (€/MWh)	**140.2**	140.5	-0.3	-0.9	304.9	319.9
Gold (US$/ounce)	**1810.8**	1781.4	1.6	2.2	-1.0	2.3

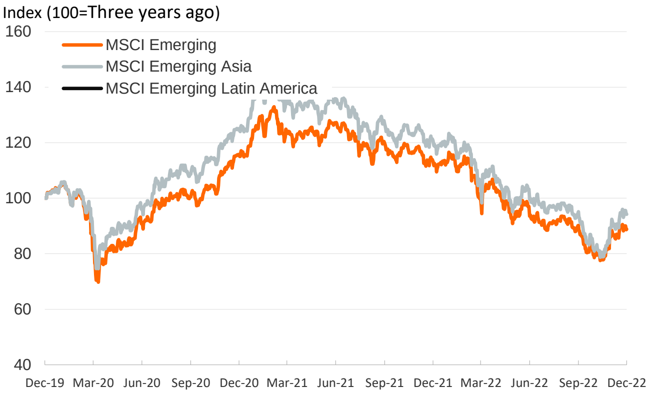
Main advanced stock markets

Index (100=Three years ago)



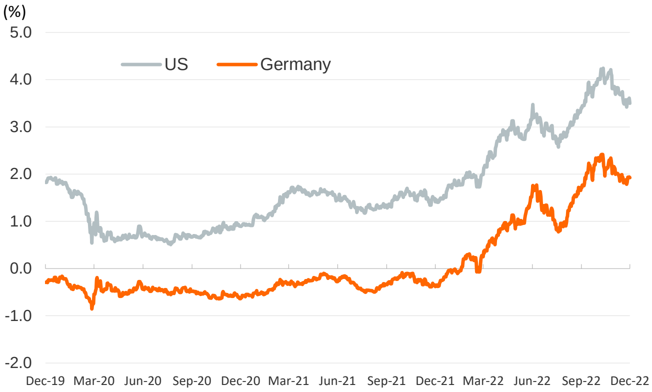
Emerging economies stock markets

Index (100=Three years ago)



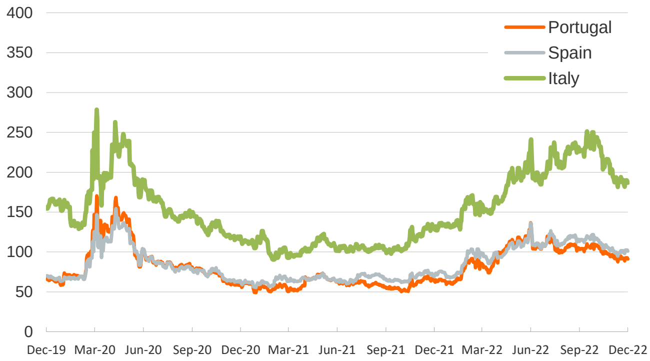
Yield on 10-year public debt: U.S. and Germany

(%)



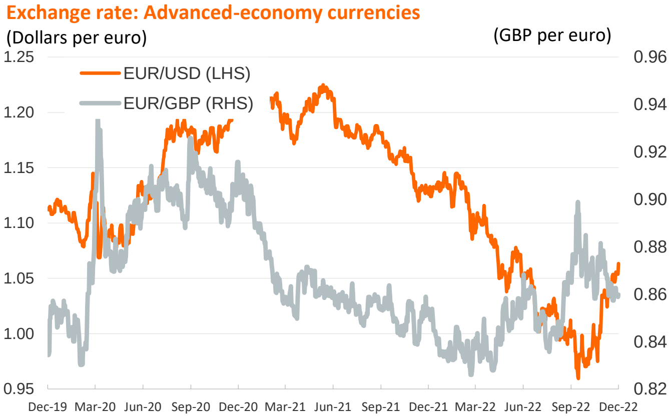
Risk Premium on 10-year debt: Italy, Spain and Portugal

(basis points)



Exchange rate: Advanced-economy currencies

(Dollars per euro)



Exchange rate: emerging economies index

(Index (100=Three years ago)

Brent oil price

(US$/barrel)

Dutch TTF Natural gas price

(€/MWh)